

**ABBHEY GROUP LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**30 APRIL 2013**

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**ABBHEY GROUP LIMITED**

**COMPANY INFORMATION**

DIRECTORS	C H Gallagher (Chairman) L G Fraquelli D J Dawson
SECRETARY	D J Dawson
REGISTERED OFFICE	Abbey House 2 Southgate Road Potters Bar Hertfordshire EN6 5DU  Telephone Potters Bar (01707) 651266 Fax Potters Bar (01707) 621208
REGISTERED NO	0540398
AUDITORS	Ernst & Young Chartered Accountants Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2
BANKERS	Barclays Bank plc Barclays Business Centre St Albans Branch Blenheim Gate 22/24 Upper Marlborough Road St Albans Hertfordshire AL1 3AL  Allied Irish Bank plc Retail Business P O Box 52496 London NW3 9ED
SOLICITORS	Dickins Shiebert Limited Matthew House (first floor) 45/47 High Street Potters Bar Hertfordshire EN6 5AW

**ABBAY GROUP LIMITED**

**INDEX TO REPORT AND ACCOUNTS - 30 APRIL 2013**

	<b>PAGE</b>
<b>DIRECTORS REPORT</b>	<b>1-3</b>
<b>INDEPENDENT AUDITORS REPORT</b>	<b>4-5</b>
<b>GROUP PROFIT AND LOSS ACCOUNT</b>	<b>6</b>
<b>GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>	<b>7</b>
<b>GROUP NOTE OF HISTORICAL COST PROFITS</b>	<b>7</b>
<b>GROUP BALANCE SHEET</b>	<b>8</b>
<b>COMPANY BALANCE SHEET</b>	<b>9</b>
<b>NOTES TO THE ACCOUNTS</b>	<b>10 25</b>

# ABBEY GROUP LIMITED

## DIRECTORS' REPORT

The directors present their report and the Group accounts for the year ended 30 April 2013

## PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENTS OF THE BUSINESS

The Group's principal activities during the year continued to be

Residential housing and land development  
Plant hire and plant rental

## RESULTS AND DIVIDENDS

The Group profit for the year after taxation amounted to £5 568 989 (2012 profit £5 544 819) which has been added (2012 added) to the profit and loss account

No dividend (2012 Nil) was paid during the year The directors do not propose a final dividend

## KEY PERFORMANCE INDICATORS

Measurement of the Group's performance is consistently applied and control is exercised by Group and divisional management The Group uses the following key performance indicators to evaluate its performance

- 1 *Financial Performance Compared to Budget*  
The Group has a budgeting system in place whereby actual performance is measured against budget both financial and non financial on a monthly reporting timetable
- 2 *Unit Reservations*  
The Group reviews the weekly net house sales reservations and weekend site visitor numbers
- 3 *Development Site Profit Margin*  
The Group evaluates the gross profit margin of each development site on a monthly basis
- 4 *Machine Count*  
The Group reviews the machine count for each plant hire depot on a weekly basis

## BUSINESS REVIEW

Our housebuilding operations sold 333 units (2012 273) with turnover of £62 433 374(2012 £44 654 807) generating an operating profit of £8,820 233 (2012 profit £7 059 061) Trading in the UK was overall encouraging during the period In Prague we completed 11 sales which was disappointing At the year end the Group owned or controlled land with the of planning permission for the supply of 1,197 plots

Our plant hire business M&J reported an operating profit of £801 000 (2012 £259 580) on turnover of £10,968 342(2012 £10 276 853) This was a good improvement on last year

Rental income primarily from ground rents and the letting of surplus space at the Group property was £395,980 (2012 £332 274)

A review of the Group's business is given in the 2013 Report and Accounts of the holding company, Abbey plc

## FUTURE DEVELOPMENTS

The outlook for the current year is for broadly similar levels of activity to be maintained The gradual expansion of the UK land bank together with recent land acquisitions is laying the foundations for faster turnover in the years ahead

Further progress in the plant hire division will, if achieved, be hard won

# ABBEEY GROUP LIMITED

## DIRECTORS REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES

Company law requires the Group to give a description of the principal risks and uncertainties which it faces. Abbey Group's business in which it is engaged is constantly evolving and the list below of the principal risks for the Group are constantly changing.

- The Group is engaged in speculative development which is by its nature highly risky. Occasional substantial losses are a cyclical feature of its business.
- The Group operates in a very competitive market and therefore it is essential that the Group continues to compete successfully.
- Any reduction in economic growth in the countries in which the Group operates may adversely affect the Group's revenue and margins.
- The Group's performance will be affected by fuel and raw material prices and the cyclical changes of the producers of these raw materials.
- The Group's performance will be affected by the purchase price of plant and tools used in the plant hire business.
- The Group is subject to substantial laws, regulations and standards such as environmental, health and safety and building regulations which could result in additional costs related to compliance with these laws and regulations.
- Any adverse economic interest rate changes will impact on the Group.

### DIRECTORS AND THEIR INTERESTS

All the directors stated above held office throughout the year.

Mr L G Fraquelli retires by rotation and, being eligible, offers himself for re-election.

The directors who held office at the end of the financial year had at no time any beneficial interest in the shares of the company. The interests of the directors in the shares of the intermediate holding company Abbey plc are disclosed in that company's directors' report.

### FIXED ASSETS

Information relating to tangible fixed assets is given in note 10 to the accounts.

In accordance with the Group's accounting policy, all freehold and leasehold properties were revalued by independent external valuers at 30 April 2011. The valuation of £5 852 000 is incorporated into the 2013 accounts.

### CORPORATE SOCIAL RESPONSIBILITY

We are fully committed to operating ethically and responsibly in relation to employees, customers, neighbours and all other stakeholders.

#### Employees

The board commends and thanks the management and staff of the Group for their continued loyalty, efforts and commitment.

The average number of employees during the year is set out in note 6 to the financial statements.

#### Disabled Employees

The Group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

A permanent health insurance scheme is in operation to those eligible employees, completely financed by the Group, the object of which is to provide substantial income benefits to full-time directors and staff during periods of prolonged disability resulting from illness or accident after 26 weeks absence from employment on medical grounds.

#### Employee Involvement

The continuing Group policy with regard to employee consultation and involvement is that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current jobs and future prospects. The achievement of this policy has to be treated flexibly in accordance with the varying circumstances and needs of companies in the Group but, in all cases, the emphasis is on communication at the local level. Details of the Group's financial results are circulated each half and full year and periodic staff seminars are also held to discuss various aspects of the Group's business.

## ABBEY GROUP LIMITED

## DIRECTORS' REPORT (continued)

## CORPORATE SOCIAL RESPONSIBILITY (continued)

Health and Safety

The Group pays particular adherence to health and safety matters

Environment

The Group pays particular adherence to applicable environmental legislation and request that our employees and subcontractors are aware of their responsibilities in this regard. The Group supports various charities and local events

## POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no political contributions during the year and donations for charitable purposes amounted to £1 400 (2012 £1 996)

## IMPORTANT EVENTS SINCE THE YEAR END

There have been no important events since the year end

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Statements and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently
- make adjustments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving the directors' report are listed under Group information above. Having made enquiries of fellow directors and of the Group's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report which the Group's auditors are unaware, and each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information

## AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting

By order of the board

D J DAWSON 

Secretary

10 July 2013



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY GROUP LIMITED**

We have audited the financial statements of Abbey Group Limited for the year ended 30 April 2013 which comprise as the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- ▶ give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2013 and of the group's profit for the year then ended,
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY GROUP LIMITED (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- ▶ adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- ▶ the company financial statements are not in agreement with the accounting records and returns, or
- ▶ certain disclosures of directors' remuneration specified by law are not made, or
- ▶ we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, appearing to read 'Frank O'Keeffe'.

*Frank O'Keeffe (Senior statutory auditor)  
for and on behalf of Ernst & Young, Statutory Auditor  
Dublin  
10 July 2013*



**ABBEE GROUP LIMITED**
**GROUP PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 APRIL 2013**

	Note	2013 £	2012 £
TURNOVER - continuing operations	2	75,455,737	54,931,660
COST OF SALES			
- Operating		(60 273 414)	(41 470 835)
- Impairment charge on stocks	3	(2 686 824)	-
GROSS PROFIT		12,495 499	13 460 825
ADMINISTRATIVE EXPENSES		(4 874 266)	(6 142 204)
OTHER OPERATING INCOME		395 980	332 274
OPERATING PROFIT - continuing operations	5	8 017 213	7 650 895
Interest receivable - net	8	26 143	20 922
Other finance charges	8	(29 000)	(92 000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	8 014,356	7,579,817
Taxation	9	(2 445 367)	(2 034 998)
PROFIT FOR THE FINANCIAL YEAR	22	5 568 989	5 544 819

**ABBEEY GROUP LIMITED**

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30 APRIL 2013**

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Profit for the financial year	5 568 989	5 544 819
Actuarial (loss) / gain on group defined benefit pension obligations	(1 400 000)	2 296 000
Deferred tax movement relating to actuarial (loss) / gain on group defined benefit pension obligations in current year	322 000	(551 040)
Total gains and losses for the financial year	<u>4 490 989</u>	<u>7 289 779</u>

**NOTE OF HISTORICAL COST PROFITS  
FOR THE YEAR ENDED 30 APRIL 2013**

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Reported profit on ordinary activities before taxation	8 014 356	7 579 817
Historical cost profit on ordinary activities before taxation	<u>8 014 356</u>	<u>7 579 817</u>
Historical cost profit on ordinary activities after taxation	<u>5 568 989</u>	<u>5 544 819</u>

## ABBEY GROUP LIMITED

## GROUP BALANCE SHEET - 30 APRIL 2013

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	10	19,399,547	18,079,485
Investment property	11	1,057,334	1,055,531
		<u>20,456,881</u>	<u>19,135,016</u>
<b>CURRENT ASSETS</b>			
Stocks	13	72,764,627	80,960,551
Debtors	14	3,638,020	7,221,937
Investments	15	5,000	5,000
Restricted cash at bank	16	498,839	232,833
Cash at bank and in hand	16	15,634,363	5,552,486
		<u>92,540,849</u>	<u>93,972,807</u>
<b>CREDITORS: Amounts falling due within one year</b>	17	<u>(36,421,621)</u>	<u>(41,979,170)</u>
<b>NET CURRENT ASSETS</b>		<u>56,119,228</u>	<u>51,993,637</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>76,578,109</u>	<u>71,128,653</u>
<b>PENSION AND POST RETIREMENT ASSET</b> (net of deferred tax)	24	<u>3,349,500</u>	<u>4,364,680</u>
		<u>79,925,609</u>	<u>75,493,333</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	4,000,000	4,000,000
Property revaluation reserve	21	3,177,699	3,177,699
Currency translation	22	(304,221)	(245,508)
Profit and loss account	22	73,052,131	68,581,142
		<u>79,925,609</u>	<u>75,493,333</u>
<b>SHAREHOLDERS FUNDS</b>	22	<u>79,925,609</u>	<u>75,493,333</u>

C. H. GALLAGHER

Director

10 July 2013



ABBEY GROUP LIMITED  
Company number: 0540398

## COMPANY BALANCE SHEET - 30 APRIL 2013

	Note	2013 £	2012 £
FIXED ASSET INVESTMENTS	12	7,750,006	7 750 006
CURRENT ASSETS			
Debtors	14	16,567 557	17 627 660
Investments	15	5 000	5 000
Cash at bank		28,509	53,393
		<hr/>	<hr/>
		16 601 066	17 686 053
CREDITORS Amounts falling due within one year	17	(1,654 662)	(2,938 216)
		<hr/>	<hr/>
NET CURRENT ASSETS		14,946 404	14 747,837
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		22 696 410	22 497,843
CREDITORS Amounts falling due after more than one year	18	(6)	(6)
		<hr/>	<hr/>
		22 696 404	22 497 837
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	20	4,000 000	4 000 000
Profit and loss account	22	18 696,404	18,497,837
		<hr/>	<hr/>
SHAREHOLDERS FUNDS	22	22 696 404	22 497 837
		<hr/>	<hr/>

C H GALLAGHER

Director

10 July 2013



NOTES TO THE ACCOUNTS 30 APRIL 2013

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared on the going concern basis under the historical cost convention (modified to include the revaluation of land and buildings) and in accordance with generally accepted accounting practice in the United Kingdom

(b) Basis of consolidation

The Group accounts consolidate the accounts of Abbey Group Limited and all its subsidiary companies for the year ended 30 April 2013. These accounts have been audited with the exception of those relating to dormant subsidiary companies where the directors have taken advantage of section 480 of the Companies Act 2006 which permits such companies not to appoint auditors.

As permitted by Section 408(3) of the Companies Act 2006 no profit and loss account is presented by the company. The profit dealt with in the profit and loss account of the company is disclosed in note 22.

(c) Cash flow statement

Under the provisions of Financial Reporting Standard 1 (Revised 1996) "Cash Flow Statements", exempts subsidiary undertakings from the requirement to prepare a cash flow statement where 90% or more of the voting rights are controlled by a Group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included. The Group has availed of this exemption.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue represents the value of goods and services supplied to external customers and excludes inter-group sales and value added tax. The following criteria must also be met before revenue is recognised:

Housing

Revenue on housing developments and the respective profits are recognised when the property is structurally complete and legally transferred to the purchaser.

Plant hire

Revenue comprises charges to third parties, net of value added tax, for the hire, rental, sales and maintenance of construction plant, vehicles, tools and portable buildings; all intra group transactions having been eliminated.

Property rental

Revenue is recognised in the period the rent is due from third parties, net of value added tax. All intra group transactions having been eliminated.

Interest income

Revenue is recognised as interest accrues in the period.

(e) Foreign currencies

Group

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

## ABBEY GROUP LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 2013

## 1 ACCOUNTING POLICIES - Continued

## (f) Fixed assets

Depreciation is provided by the Group to write off the original cost less estimated residual value, of tangible fixed assets over their estimated useful economic lives in equal instalments as follows

Buildings	- 50 years
Plant and machinery	- 2 to 8 years
Motor vehicles	- 3 years
Fixtures and fittings	- 4 years
Computers	- 2 to 4 years

Investment properties consist of land and buildings which are held for long term rental yields and capital appreciation. Investment properties are carried at their valuation and will be re valued in accordance with the requirement of SSAP 19 'Accounting for Investment Property' by external surveyors and periodically thereafter.

Properties occupied by Group companies are classified as trading properties and are revalued triennially by external valuers on an "open market value" basis. The directors review the valuations of all properties annually. Such revaluation gains if material are incorporated in the financial statements and are charged to the property revaluation reserve accordingly. Any impairment loss is firstly charged to the revaluation reserve to the extent that a surplus exists and thereafter to the profit and loss account.

## (g) Stocks

Building land and roads are stated at the lower of cost and estimated net realisable value, less an appropriate proportion relating to plots or property sold in the case of estates in the course of development. The cost of roads includes direct labour and materials.

New houses under construction and unsold finished new houses are stated at cost comprising direct labour and material costs.

Stocks of raw materials, spare parts, consumable stores, calor gas and goods for resale are stated at the lower of cost and estimated net realisable value and in determining cost the average purchase price is used.

## (h) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax with the following exceptions:

\* provision is made for tax on gains arising from revaluation (and similar fair value adjustments) of fixed assets and gain on disposal of fixed assets that have been rolled over into replacement assets only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

\* deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted and

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## (i) Pensions

The Group operates a defined benefit scheme for its eligible salaried employees the assets of which are held in a trust fund separate from the Group's finances.

In accordance with FRS17 'Retirement Benefits' scheme assets are valued at market value and scheme liabilities are measured on an actuarial basis using the projected unit method discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any surplus is shown as an asset on the balance sheet net of the deferred tax impact. Any deficit is shown on the balance sheet as a liability net of the deferred tax impact. The operating and financing costs of pension and post retirement schemes are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year and changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses.

Independent Actuarial valuations of the scheme are made every three years.

The Group also contributes to defined contribution and personal pension schemes for eligible employees the assets of which are held in trust funds separate from the Group's finances. The Group's contributions are charged against profits in the period to which they relate.

## (j) Leasing

Operating lease rentals are charged to profit and loss account as incurred.

**ABBEEY GROUP LIMITED**

**NOTES TO THE ACCOUNTS - 30 APRIL 2013**

**2 TURNOVER**

Turnover all of which is derived from continuing operations with all intra Group transactions having been eliminated, comprises the following

- (a) Sales of houses and land plots to third parties
- (b) Charges to third parties net of value added tax for the hire, rental, sale and maintenance of construction plant vehicles tools and portable buildings

The analysis of turnover by class of business is

	2013 £	2012 £
Residential housing and land development	64 489,395	44 654 807
Plant hire and plant rental	10 966 342	10 276,853
	<u>75 455 737</u>	<u>54 931 660</u>

All business was transacted in the United Kingdom

**3 EXCEPTIONAL ITEMS**

Charged in arriving at operating profit

Impairment of development stock

	2013 £	2012 £
	2 686 824	

Over the financial year we have continued to closely monitor the carrying value of our Building stock. In this financial year we estimated that the original cost value of certain sites suffered impairment in the amount of £2,686 824. As such in accordance with SSAP 9 'Stock and Long Term Contracts' we recorded an impairment write down for the same amount to bring the carrying value of Building stock recorded in the balance sheet to the lower of cost and net realisable value

**4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before taxation arises by class of business as follows

	2013 £	2012 £
Residential housing and land development	6 820 233	7,059 061
Plant hire and plant rental	801 000	259 560
Other operating income	395 980	332,274
Interest and other finance charges	(2 857)	(71 078)
	<u>8 014 356</u>	<u>7 579,817</u>

## 5 OPERATING PROFIT

6 STAFF COSTS (INCLUDING DIRECTORS REMUNERATION)

The monthly number of persons directly employed by the Group during the year by class of business excluding sub-contractors engaged on the Group's development sites was

development sites was	2013	2012
	No	No
Group management	6	6
Residential housing and land development	48	41
Plant hire and plant rental	121	117
	<hr/>	<hr/>
	173	164



## ABBEY GROUP LIMITED

## NOTES TO THE ACCOUNTS 30 APRIL 2013

## 7 REMUNERATION OF DIRECTORS

	2013 £	2012 £
Emoluments in respect of qualifying services	993 922	955 435
Pension contributions	158 037	225 942
	<hr/>	<hr/>
	1,151,959	1 181,377
	<hr/>	<hr/>

The number of directors to whom retirement benefits are accruing in respect of qualifying services under defined benefit schemes is one (2012: one). One director is a deferred member of the defined benefit pension scheme and one has contributions to a defined contribution pension scheme.

The amounts in respect of the highest paid director were:

	2013 £	2012 £
Emoluments in respect of qualifying services	601,190	580,000
Retirement benefit expense	115 700	112 000
	<hr/>	<hr/>
	716 890	692,000
	<hr/>	<hr/>

The accrued pension of the highest paid director as at 30 April 2013 was £Nil (2012: £Nil).

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2013

8 INTEREST RECEIVABLE -NET

	2013 £	2012 £
Payable		
Other	(1,680)	(4,530)
	(1,680)	(4,530)
Receivable		
Bank	24,695	25,218
Other	3,128	234
	26,143	20,922
OTHER FINANCE COSTS		
Expected return on scheme assets (see note 24)	937,000	899,000
Interest obligation on pension scheme liabilities (see note 24)	(968,000)	(991,000)
	(29,000)	(92,000)

9 TAXATION

The tax charge is made up as follows

	2013 £	2012 £
Current Tax		
Corporation tax at 23.92% (2012: 25.83%)	2,577,776	1,949,727
Adjustment in respect of previous years	(123,891)	(32,866)
	2,453,885	1,916,861
Deferred tax	(8,518)	118,137
	2,445,367	2,034,998

The tax assessed on the profit on ordinary activities for the year is different than the standard rate of corporation tax in the UK of 23.92% (2012: 25.83%). The differences are reconciled below

	2013 (% of profit before taxation)	2012 (% of profit before taxation)
UK corporation tax rate	23.9	25.8
Depreciation in excess of capital allowances	0.2	0.1
Other timing differences	8.2	1.2
Adjustment in respect of previous years	(0.7)	0.1
	31.6	27.2

The effective tax rate is dependent on taxable profits made in the related jurisdiction the Group operates

Following the budget on 20 March 2013 a resolution under the provisional collection of taxes act resulted in the corporation tax rate reducing to 23% with effect from 1 April 2013. Deferred tax has therefore been provided at 23%. Further proposed (but not substantively enacted) changes include a reduction to 20% with effect from 1 April 2015. If these changes had been substantively enacted at the balance sheet date, the deferred tax asset at 30 April 2013 would have reduced by £145,759.

The movement on deferred tax relates primarily to the origination and reversal of timing differences as in note 18 and also includes temporary differences on application of 'FRS17 - Retirement Benefits'. The related 'FRS17 - Retirement Benefits' deferred tax liability (2012: liability) has been netted off against the Pension and Post Retirement asset.

## ABBEY GROUP LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 2013

## 10 TANGIBLE FIXED ASSETS

Group	Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Computers £	Total £
Cost or valuation						
At 1 May 2012	5 973 120	27 340 512	2 524 436	497 197	349 612	36 684 877
Additions		4,923 409	802,928	11 999	14,357	5 752 693
Disposals		(3 530 570)	(565 430)	(4 735)	(53 694)	(4 154 429)
At 30 April 2013	5 973,120	28 733,351	2 761 934	504,461	310 275	38,283 141
Depreciation						
At 1 May 2012	181,684	16,191 378	1,471 977	445,356	314,997	18 605 392
Provided during the year	60 568	3 333 917	382 577	12,257	23 309	3 822 628
Disposals	-	(2 992 688)	(493,371)	(4 693)	(53 674)	(3 544 426)
At 30 April 2013	242,252	16,532 607	1 371 183	452 920	284,632	18 883 594
Net book value						
At 30 April 2013	5,730 868	12 200 744	1 390 751	51 541	25 643	19 399 547
At 30 April 2012	5,791 436	11 149,134	1,052 459	51 841	34 615	18 079,485

Plant and machinery includes assets held for hire with a cost of £28 700 007 (2012 £27,307 171) and accumulated depreciation of £16,502 596 (2012 £16,161 371)

ABBEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2013

10 TANGIBLE FIXED ASSETS - Continued

(a) Valuation of land and buildings

- (i) All land and buildings were valued at 30 April 2011 by external independent surveyors Glenny, Chartered Surveyors on an existing use value basis. The valuation is determined without regard to costs of purchase. The directors reviewed that overall valuation at 30 April 2013 and considered that no further adjustment was required.

	2013 £	2012 £
Trading properties		
Freehold land and buildings	5 500 000	5 500 000
Long leasehold property	352 000	352 000
	<hr/>	<hr/>
	5 852 000	5 852 000
	<hr/>	<hr/>

- (ii) The historical cost of land and buildings included at valuation is

	2013 £	2012 £
Trading properties		
	3 314 935	3 314 935
	<hr/>	<hr/>
	3,314 935	3 314 935
	<hr/>	<hr/>

(b) Capital expenditure commitments

There were no contracted for capital commitments at the year end date

## ABBEY GROUP LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 2013

11	INVESTMENT PROPERTY	Land and Buildings 2013 £	Land and Buildings 2012 £
	Group		
	At 1 May	1 055 531	1 076 341
	Translation Additions	1 803 -	(45 683) 24 873
	At 30 April	1,057,334	1 055 531
	The investment land and buildings were valued at 30 April 2011 by external surveyors, Glenney Chartered Surveyors in the United Kingdom and Commco sro in the Czech Republic. The directors have reviewed the valuation at 30 April 2013 and considered that no further adjustment was required.		
	The historical cost on investment properties is	979 610	979 610
12	INVESTMENTS		
	Company	2013 £	2012 £
	Shares in subsidiary undertakings at cost	7 750 006	7,750 006

The company owns \* directly or indirectly 100% of the issued ordinary share capital of the following companies all of which are incorporated in Great Britain and all of which have been consolidated

Company	Nature of business	Registered Office
* Abbey Developments Limited	Residential housing and land development	Abbey House 2 Southgate Road Potters Bar Hertfordshire EN6 5DU
* Abbey Investments Limited	Property investment	as above
Abbey Properties Limited )		as above
* Abbey Holdings Limited )		as above
* Abbey Continental Limited )		as above
* Abbey Financial Limited )	Dormant companies	as above
Abbey New Homes Limited )		as above
Abbey Homesteads Limited )		as above
Abbey s r o	Residential housing and land development	Terronska 7 160 00 Prague 6 Czech Republic
* M & J Engineers Limited	Plant hire	Cashel House Cadwell Lane Hitchin Hertfordshire SG4 0SQ
Term Rentals Limited )		as above
M & J Hire Centres Limited )		as above
Term Space Limited )	Dormant companies	as above
Termspan Limited )		as above

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2013

13 STOCKS

	Group 2013 £	Group 2012 £
Building land	52 178 245	56 194 928
Roads	2 607 739	2 779 976
Work in progress - residential housing development including finished new houses unsold	17 421 007	21 434 026
Raw materials	221,848	198,274
Spare parts consumable stores and calor gas	305 439	325 885
Goods for resale	30,349	29 462
	<u>72 764 627</u>	<u>80 960,551</u>

14 DEBTORS

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade debtors	2,818,455	2 541 595	-	-
Amounts owed by parent undertaking	-	3,535,206	-	3 535 206
Amounts owed by group undertakings	-	-	16,534,456	14 067 586
VAT recoverable	293 251	693 406	-	-
Prepayments and accrued income	334 488	281 732	33 101	24 868
Other debtors	151 079	137 769	-	-
Deferred taxation (refer note 19)	40 747	32 229	-	-
	<u>3 638,020</u>	<u>7 221 937</u>	<u>16 567 557</u>	<u>17 627 660</u>

15 CURRENT ASSET INVESTMENT

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Ordinary shares at cost - non-listed company	5 000	5 000	5 000	5,000
	<u>5 000</u>	<u>5 000</u>	<u>5 000</u>	<u>5,000</u>

NOTES TO THE ACCOUNTS - 30 APRIL 2013

16	RESTRICTED CASH	Group	
		2013 £	2012 £
	Cash held in escrow accounts	498 839	232,833
	<p>Restricted cash is held in escrow accounts in respect of house unit sales in the Czech Republic. These funds will be released to the Group when title to the units are transferred to the purchasers together with any interest earned</p>		
	CASH AND CASH EQUIVALENT		
	Cash at bank and in hand	15 634 363	5 552,486
17	CREDITORS Amounts falling due within one year	Group	
		2013 £	2012 £
	Trade creditors	10,840,241	10 890 344
	Amounts outstanding on land	3 578 466	10 190 854
	Amounts owed to parent undertaking	1,525 384	1,525,384
	Amounts owed to group undertakings	15 034,928	15,124 533
	Corporation tax	1 388 139	691 274
	Other taxation	227,596	93 129
	Accruals and deferred income	3 826,867	4 989 036
		38,421 621	41 979 170
18	CREDITORS Amounts falling due after more than one year	Company	
		2013 £	2012 £
	Amounts owed to group undertakings	6	6
		6	6

**ABBEEY GROUP LIMITED**

**NOTES TO THE ACCOUNTS - 30 APRIL 2013**

**19 DEFERRED TAXATION**

Deferred taxation provided in the accounts is

	Group 2013 £	Group 2012 £
At 1 May	(32 229)	(7,666)
Transfer to profit and loss account	(8 518)	(24 563)
At 30 April	(40 747)	(32 229)

The provision is in respect of capital allowances in advance of depreciation

The potential deferred taxation liability on the revaluation of trading properties is £77 699 (2012 £96,141) and on investment properties £8,528 (2012 £13 295)

**20 CALLED UP SHARE CAPITAL**

At 30 April

Ordinary shares of £1 each

Authorised, allotted and fully paid			
2013		2012	
No	£	No	£
4,000 000	4 000 000	4 000 000	4,000 000

**21 PROPERTY REVALUATION RESERVE**

*Land and buildings*

At 1 May and 30 April

Group 2013 £	Group 2012 £
3 177 699	3 177 699



ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2013

22 RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS ON RESERVES

GROUP

	Share Capital £	Revaluation Reserve £	Profit and loss account £	Currency Translation £	Total £
At 1 May 2011	4 000 000	3 177 699	61 271 363	(328 455)	68 120 607
Profit for the financial year	-	-	5 544 819	-	5 544 819
Foreign exchange translation arising in year	-	-	-	82 947	82,947
Actuall gain on Group defined benefit pension obligations	-	-	2 296 000	-	2,296 000
Deferred tax movement relating to actuall gain on Group defined benefit pension obligations	-	-	(551,040)	-	(551 040)
At 1 May 2012	4 000 000	3 177 699	68 561,142	(245 508)	75 493 333
Profit for the financial year	-	-	5 568 989	-	5 568 989
Foreign exchange translation arising in year	-	-	-	(58 713)	(58 713)
Actuall loss on Group defined benefit pension obligations	-	-	(1,400 000)	-	(1,400,000)
Deferred tax movement relating to actuall loss on Group defined benefit pension obligations	-	-	322,000	-	322,000
At 30 April 2013	4 000 000	3 177 699	73 052,131	(304,221)	79 925 609

COMPANY

	Share Capital £	Profit and loss account £	Total £
At 1 May 2011	4 000 000	18,670 523	22 670 523
Loss for the financial year	-	(172 686)	(172,686)
At 1 May 2012	4 000 000	18 497,837	22 497 837
Profit for the financial year	-	198,567	198 567
At 30 April 2013	4,000,000	18 696 404	22 696 404

## ABBEY GROUP LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 2013

## 23 OBLIGATIONS UNDER LEASES

The group had annual commitments under non-cancellable operating leases for land and buildings as follows

At 30 April	2013 £	2012 £
Operating leases which expire within one year	-	-
between one and five years	34 140	34 140
	<u>34,140</u>	<u>34 140</u>

## 24 PENSION COSTS

The Group operates a defined benefit scheme for the majority of its employees the assets of which are held in a trust fund separate from the Group's finances. This pension scheme was closed to new entrants on 1 January 2001. With effect from 1 May 2006 pensionable salaries have been frozen and the scheme has contracted back in to the State Earnings Related Pension Scheme.

The pension cost for the scheme is assessed on the advice of the independent actuaries to the scheme using the projected unit method. A triennial actuarial valuation of the scheme was carried out as at 1 May 2011. The assumptions which have the most significant effect on the results of the valuation are those made in respect of the rates of return on investments and the rates of increase in salaries and pensions. The assumptions made were that the rates of return on investments would exceed the rates of salary increases by 3.60% per annum and that the rates of pension increases would be 3.25% per annum compound.

As at 1 May 2012, the full value placed on the assets of the Group Pension Scheme for the purposes of the valuation amounted to £26.33m. This resulted in a surplus of £860,000 in respect of the benefits accrued to members, after allowing for no future pensionable salary increases. The Group will be making contributions into the scheme at a contribution rate of 17.20% per month from 1 May 2013. For the year to 30 April 2014 the total employer contributions are expected to total £213,800.

The defined benefit scheme in the United Kingdom was closed to new entrants on 1 January 2001. As this scheme was closed to new entrants the age profile of the active members will rise significantly causing the current service cost to increase as the members of the scheme approach retirement.

From 25 June 2003 the United Kingdom pension scheme became self-administered. The assets previously held with an insurance company were transferred for cash to the Trustee Company who has subsequently invested the funds in UK Government Bonds. The Trustee Company has an investment policy to look to maximise return based on an acceptable level of risk and therefore investment in other forms, such as the stock exchange may be potentially viable.

The costs of providing death in service benefits which are insured under a separate agreement with Sun Life of Canada were paid in addition to the employer pension contributions.

## ABBEY GROUP LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 2013

## 24 PENSION COSTS (continued)

Defined Benefit Schemes

The group operates a defined benefit scheme. An actuarial valuation in accordance with FRS17 was carried out at 30 April 2013 by a qualified independent actuary.

The major assumptions used by the actuary and the expected long term rate of return for scheme assets were

	Valuation at 30 April 2013	Valuation at 30 April 2012
Pensionable salary growth	0.00 % pa	0.00 % pa
Pension escalation in payment		
Executive members	5.00 % pa	5.00 % pa
Retail Price Index- minimum 3%	3.40 % pa	3.30 % pa
Retail Price Index- maximum 2.5%	2.50 % pa	2.50 % pa
Discount rate	4.00 % pa	4.70 % pa
Inflation assumption - retail price index	3.40 % pa	3.30 % pa
Inflation assumption - consumer price index	2.60 % pa	2.50 % pa
Expected rate of return - gilts	3.50 % pa	3.63 % pa
Expected rate of return - cash	2.00 % pa	2.00 % pa
Post-retirement mortality (in years)		
Current pensioners at 65 - males	21.9	21.8
Current pensioners at 65 - females	23.8	23.7
Future pensioners at 65 - males	24.1	24.0
Future pensioners at 65 - females	26.1	26.0
	Value at 30 April 2013 £	Value at 30 April 2012 £
<i>Scheme assets at fair value</i>		
Gilts	27,028,000	25,478,000
Cash	1,502,000	852,000
Total fair value of assets	28,530,000	26,330,000
Present value of scheme liabilities	(24,180,000)	(20,587,000)
Defined benefit pension scheme surplus	4,350,000	5,743,000
Related deferred tax liability	(1,000,500)	(1,378,320)
<b>Net asset in the balance sheet</b>	<b>3,349,500</b>	<b>4,364,680</b>

The amount recognised in the Group Profit and Loss and in the Group Statement of Total Recognised Gains and Losses for the year

are analysed as follows

	For the Year 30 April 2013 £	For the Year 30 April 2012 £
<b>Recognised in the Profit and Loss account</b>		
Current service cost	(270,000)	(269,000)
Recognised in arriving at operating profit	(270,000)	(269,000)
Expected return on scheme assets	937,000	899,000
Interest obligation	(966,000)	(991,000)
<b>Total recognised in the Profit and Loss account</b>	<b>(299,000)</b>	<b>(361,000)</b>
<b>Taken to the Statement of Total Recognised Gains and Losses</b>		
Actual return less expected return on pension scheme assets	1,532,000	3,420,000
Experience gains / (losses) arising on the scheme liabilities	33,000	(159,000)
Changes in assumptions underlying the present value of the scheme liabilities	(2,965,000)	(965,000)
<b>Actuarial (loss) / gain recognised in the Statement of Total Recognised Gains and Losses</b>	<b>(1,400,000)</b>	<b>2,296,000</b>

## ABBEY GROUP LIMITED

## NOTES TO THE ACCOUNTS - 30 APRIL 2013

## 24 PENSION COSTS (continued)

	For the Year 30 April 2013 £	For the Year 30 April 2012 £
<b><u>Changes in the present value of defined benefit pension obligations</u></b>		
As at 1 May	20,587,000	18,744,000
Current service cost	270,000	269,000
Member contributions	47,000	51,000
Interest costs	966,000	991,000
Benefits paid	(622,000)	(592,000)
Actuarial losses / (gains)	2,932,000	1,124,000
As at 30 April	<b>24,180,000</b>	<b>20,587,000</b>
<b><u>Changes in the fair value of defined benefit pension scheme assets</u></b>		
As at 1 May	26,330,000	21,377,000
Expected return on scheme assets	937,000	899,000
Employer contributions	306,000	1,175,000
Contributions by employees	47,000	51,000
Benefits paid	(622,000)	(592,000)
Actuarial gains	1,532,000	3,420,000
As at 30 April	<b>28,530,000</b>	<b>26,330,000</b>

**History of experience gains and losses**

	For the Year to 30 April 2013 £	For the Year to 30 April 2012 £	For the Year to 30 April 2011 £	For the Year to 30 April 2010 £	For the Year to 30 April 2009 £
Difference between the expected and actual return on scheme assets					
Amount (£)	1,532,000	3,420,000	795,000	(205,000)	788,000
% of scheme assets	5%	13%	4%	-1%	4%
Experience gains and losses on scheme liabilities					
Amount (£)	33,000	(159,000)	(90,000)	(63,000)	26,000
% of present value of scheme liabilities	0%	-1%	0%	0%	0%
Total actuarial (loss) / gain recognised in Statement of total Recognised Gains and Losses					
Amount (£)	(1,400,000)	2,296,000	813,000	(5,064,000)	2,620,000
% of present value of scheme liabilities	-6%	11%	4%	-28%	21%

**Defined Contribution Schemes**

The Group contributes to a number of defined contribution schemes for which the Group has contributed £70,887 during the year to 30 April 2013 (2012 £66,152) and charged in full to the profit and loss account

## 25 RELATED PARTY TRANSACTIONS

Abbey plc is the immediate parent. Copies of Abbey plc's accounts may be obtained from Abbey House, 2 Southgate Road, Potters Bar, Hertfordshire, EN6 5DU England

The Company has taken advantage of the exemption, under FRS 8, from disclosing transactions with wholly owned group companies, as it is a wholly owned subsidiary of Abbey plc, a company incorporated in the Republic of Ireland and listed on the ESM on the Irish Stock Exchange and the AIM on the London Stock Exchange

## 26 ULTIMATE PARENT UNDERTAKING

The directors consider that the immediate parent undertaking of the Company and smallest group in which the Company is consolidated is Abbey plc and the ultimate parent undertaking to be Shrewsbury Holdings Limited, a company incorporated in Jersey. Copies of the accounts of Gallagher Investments Limited, which is the largest group in which the Company is consolidated, can be obtained from its registered office at Pendragon House, 65 London Road, St Albans, Hertfordshire, AL1 1LJ England

## 27 SUBSEQUENT EVENTS

There have been no subsequent events

## 28 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 10 July 2013